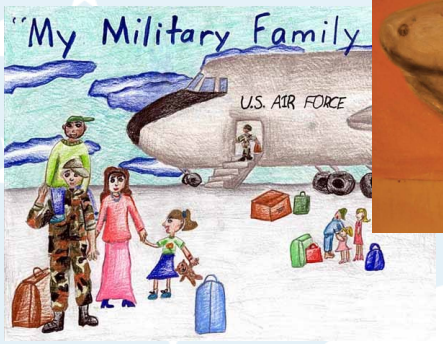
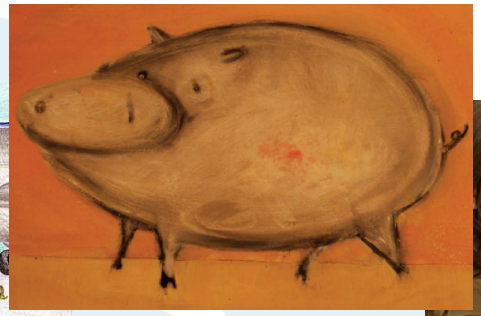
Association for Financial Counseling Planning Education

Military Pre-Conference 2008

Department of Defense

Financial Readiness Update





CDR Dave Julian
Director
OSD Office of Personal Finance & Transition

Sponsored by The Office of the Secretary of Defense, Military Community & Family Policy (OSD/MC&FP)

Association for Financial Counseling Planning Education

Military Pre-Conference 2008

Topics

- Office of Personal Finance and Transition
- Predatory Lending Regulation
- Military Foreclosures
- DoD Resources and Programs
- Financial Readiness Challenge Events

Sponsored by The Office of the Secretary of Defense, Military Community & Family Policy (OSD/MC&FP)

Financial Perfect Storm

Foreclosure Crisis

Credit Crisis

Savings Crisis

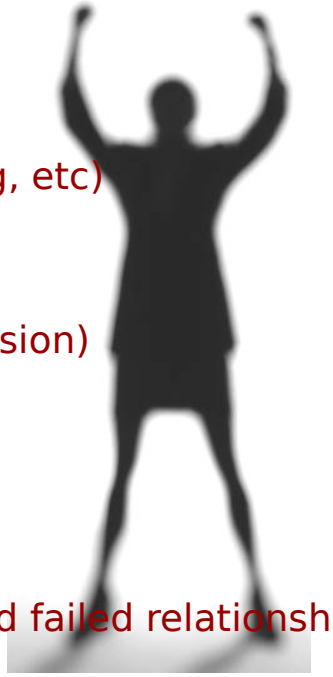
Federal Bailouts

Banking Crisis

Market Instability

Financial Problems and Stress

- Some Statistics:
  - Money is a “top source of stress for adults” – American Psychological Association
  - 55% of Americans “always” or “sometimes” worry about money (USA Today)
  - In 56% of divorces, financial stress is the leading cause of the breakdown of the marriage (Parent Life Magazine)
- Financial irresponsibility/unpreparedness can lead to:
  - Unhealthy coping behaviors (drinking, smoking, overeating, etc)
  - Less money for self-care
  - Loss of sleep/moodiness, effect on cognitive abilities
  - Unhealthy emotions (hopelessness, anger, anxiety, depression)
  - Strained relationships (personal & professional), divorce
  - Other long- and short-term health effects
- 2006 DoD Study:
  - Debt/bankruptcy was the #4 most common stressor behind failed relationships, legal problems, and job problems.
- Few longitudinal studies exist to quantify the relationship between stress & finances



The Pillars of Personal Financial Readiness

"Financial Readiness = Mission Readiness"

Dr David Chu, Under Secretary of Defense for Personnel & Readiness

DoD
Financial Readiness Organization

Dr. David Chu
nder Secretary of Defen
Personnel & Readiness

Dr. Lynda Davis
eputy Under Secretary of Defens
ilitary Community & Family Polic

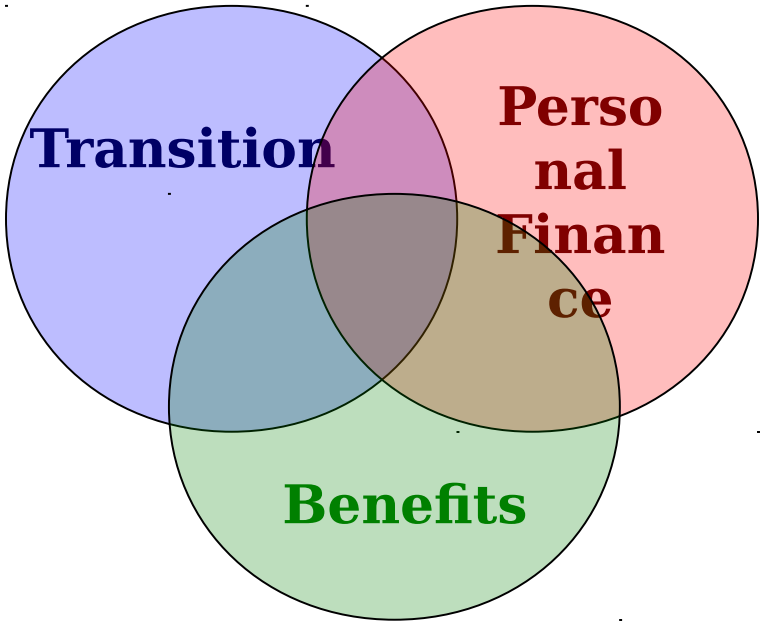
Ms. Barbara Thompson
Director
Office of Family Policy/
Children and Youth

- Youth Financial Readiness Program

CDR Dave Julian
Director
Office of Personal Finance &
Transition

- Financial Readiness Program
- Transition Assistance Program

Office of Personal Finance & Transition (PF&T)



Understanding your benefits throughout your military career
and their impact on your personal financial plan
will impact your career decisions and retention

Military Life Decision Events

NG/RES

AC

MOB

DMOB

Benefits

FedState

Enters Service

Benefits Website

Breakeven Calculator

Retention

Transition: Employment Education VA Claims Skills Translator

Financial Planning

Deploy

PCS

Unplanned Events

IRR NG RES

ETS

Wounded Warrior

Medical Discharge

VA Benefits

Casualty and Survivor Assistance

Breakeven Insuance Calculator

Relocate

Retire

Transitions occur throughout a military career

Philosophy

Important Messages to our Troops & Families

- The goal: Plan your path to wealth to attain ***economic security***
- It's not how much money you make….
  - ***It's how much you keep***
- There are no bad products
  - ***Just misapplied produ***
- Educate, *Not Regurgitate*
  - *Why* is this relevant to you?
  - Global Access
  - Platform Independence
  - Train-the-Trainer

Challenges

Changing Community = Changing Services

- Delivering correct, user-friendly information
- Reaching Guard and Reserve families
- Reaching geo-isolated families
- Meeting emerging expectations of new generations
- Building a worldwide, trusted communication system to connect with troops and families

The Digital Generation

"The Right Information, at the Right Time, to the

Talent Amendment

Predatory Lending Law

- Regulation went into effect October 2007
  - Report due to Congress April 2008
    - Implementation status
    - Recommendations for statutory, legislative changes
- Regulation capped at 36%
  - Payday loans
  - Vehicle Title Loans
  - Refund Anticipation Loans
- SASC concerns: installment loans & state enforcement

Talent Amendment

Five key questions to PFM's, JAGs/legal officers:

1. Describe the borrower:
   - 70% married, 80% single income, 55% E-4 to E-5
2. Circumstances requiring loan:
   - 52% living beyond means, 26% divorce/marital/basic needs, 15% emergency/unforeseen
3. Avg level of debt + how much cash needed:
   - $28,000 in debt, $2351 to satisfy immediate needs
4. Types of outstanding debt:
   - 66% credit cards, 63% installment/other loans, 30% auto loans, 22% payday loans, 19% overdraft protection
5. Alternatives sought:
   - 25% considered banks/credit unions, 46% Military Aid Societies, 17% other sources, 7% debt management, and 5% did not consider alternatives

Report Findings

- Regulation has had desired impact
  - Limited access to storefront payday and vehicle title loans
  - Very few cases of “morphing” products to work around law\
  - Serrvice members did not appear to be left without options
- Sources of high cost installment loans are much more limited around military installations
- Internet is problematic
  - Remaining source for covered loans
  - Source for high cost installment loans
- Alternative loans are available and in use
  - Available in excess of 135 installations through banks/CU’s

Report Conclusions

- Implementation has been successful
- No further legislation or regulation necessary at this time
- Recommendation: change definition of covered borrower to align with DMDC definition of “dependent”

Foreclosures in the Military

- May 08 *Bloomberg News* article on surge of foreclosures in military towns
- Article asserted military towns affected at 4X US rate
  - Study based on research firm's findings in 10 towns within 10 miles of military facilities—included all homeowners, not just military

Barstow, CA		Norfolk, VA
Carlsbad, CA		Oceanside, CA
Columbia, SC		Triangle, VA
Columbus, GA		29 Palms, CA
Havelock, NC		Woodbridge, VA

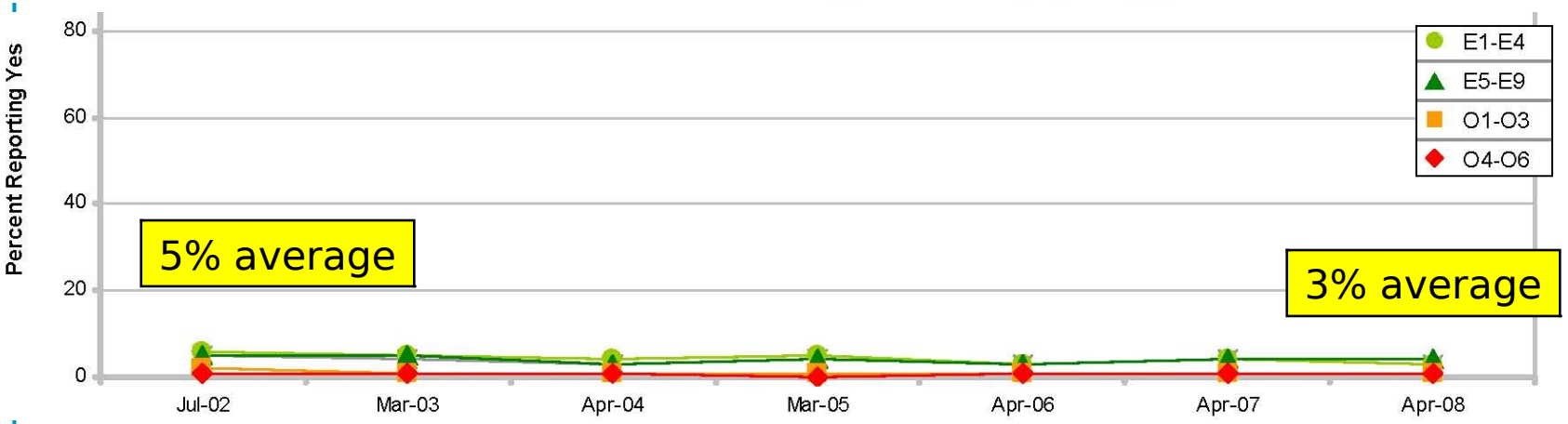
Findings of article are non-scientific

The Facts

- Only 25% of military report owning homes as primary residence
- Services not reporting significant foreclosure

Active Duty Members Falling Behind in Rent or Mortgage Payments

Percent of All Active Duty Members, by Paygrade



For our military, “a time of concern - not a time of crisis”

What is Available Now

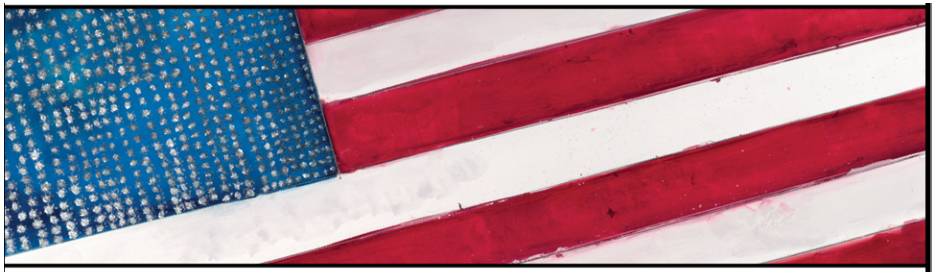
- Existing Authorities to Commanders
  - BAH rate determination based on location of dependents
  - PCS Homestead policy/tour extensions
  - Housing, dining facility options
  - JFTR change authorizing payment for local moves
- Servicemembers Civil Relief Act (existing law)
  - No eviction without a court order
  - 90 day deferment on all civil proceedings (includes foreclosures)
  - 6% interest cap on pre-active duty debts/obligations
  - Cannot be foreclosed within 90 days of active duty completion
- Housing and Economic Recovery Act of 2008 (30 July 2008
  - Moving benefit if rented residence is foreclosed
  - Directs DoD to institute credit & mortgage counseling
  - 6% cap extended to 1 year; 90 days foreclosure limit extended to 9 months

Next Steps

- DoD will continue to track, monitor
  - DMDC Data survey (closed out Sep 08)
- Respond to Congressional, press queries
  - Highlight military benefits, helping policies
- Continue to formally, informally query Services
- Joint Chiefs of Staff December “Tank”

Military OneSource

- Military One Source (www.militaryonesource.com)
  - 24/7 world-wide assistance, on-line and by phone
  - “Money Matters” Section
  - Telephonic financial counseling or face-to-face upon request
    - Effective 17 Nov: Partnership with NFCC
  - Mortgage/foreclosure assistance
  - Referrals, connections to key helping agencies



Financial Counseling Update

- Installation/Unit Financial Managers/Sp
- Military One Source
  - Telephonic counseling
  - Face-to-Face (***new!***)
- Military Family Life Consultants
  - “Personal Financial Counselors” (PFC
  - AFC/CFP-certified
  - On-demand, rotational assignments upon installation request
  - Briefings, one-on-one counseling, education & training
- Financial Readiness Partners

Joint Family Support Assistance Program

- JFSAP Mission:
  - Primary focus of support will be families who are geographically dispersed from a military installation during deployment

- Functional areas:
  - Financial and material assistance
  - Mobile support services
  - Sponsorship of volunteers and family support professionals for delivery of support services
  - Coordination of family assistance programs
  - Facilitation of assistance between/among military and civilian stakeholders

Now in all 50 states + 4 territories!

Joint Family Resource Center

Available Resources

1. Personal/Family Face-to-Face and Telephonic Counseling
2. ***Personal Financial Readiness Assistance***
3. Educational Seminars (stress, parenting, savings, etc)
4. On-line Library
5. Educational Materials
6. Commissary Truck Load Sal
7. Recreation and Fitness

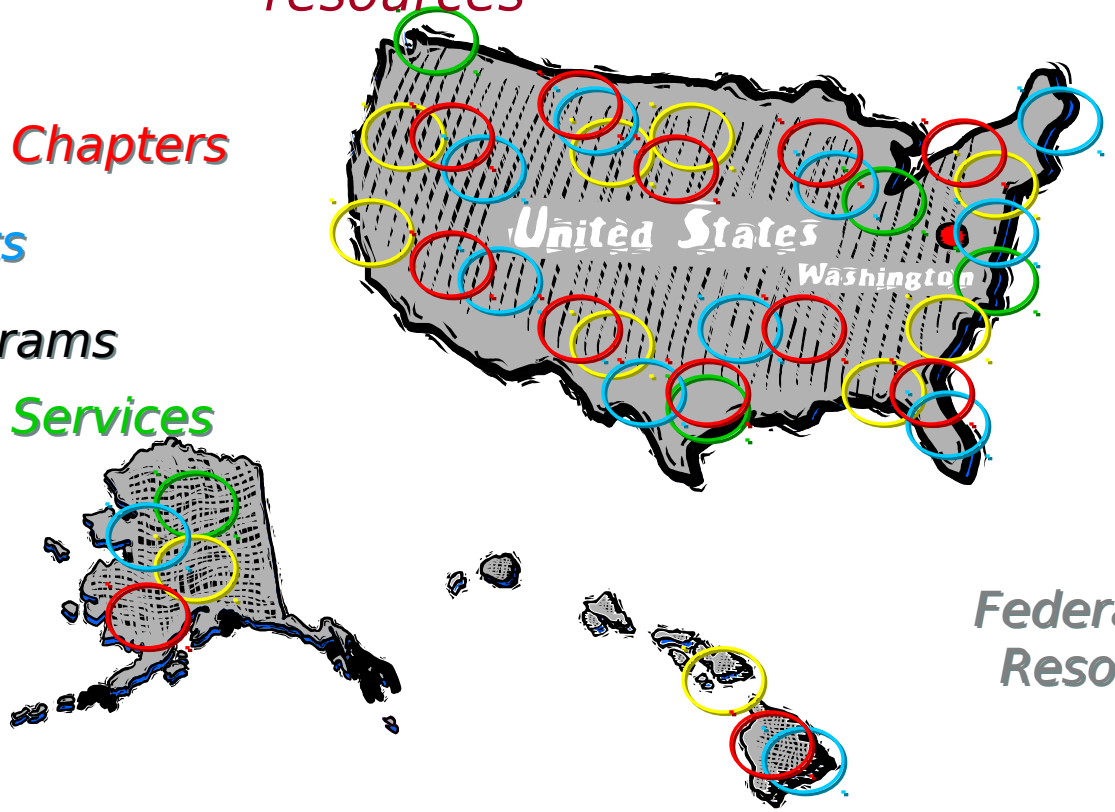
Resources can be requested by units on-line at jfsap.mhf.dod.mil/request

For more information: 1-888-256-9920 or email: jfsap@jfsap.org

Goal for State JFSAP teams:

Build, connect a sustainable network of local, state, and federal financial readiness and transition resources

- Local FPA Chapters
- Non-Profits
- State Programs
- Extension Services



Federal/DoD Resources

The Joint Family Resource Center can help!

TURBOTAP.ORG THE OFFICIAL TRANSITION PROGRAM WEBSITE

Turbo TAP

"Just-in-Time" Transition Assistance

- Allows Service members to create individualized accounts *accessible for life*
- Web-based application provides "just-in-time" access to benefits and employment information
- Easy access to VA benefits and DoL employment information before and after *Separation, Retirement, Deactivation from active duty*
- Provides improved service to Guard and Reserve

Ultimate goal is for TurboTAP to contain/link to all applicable financial & transition information to help make an educated "Should I Stay or Should I Go" Decision

Turbo TAP.org

NOT

TurboTAP.com

TurboTap www.TurboTap.com

REQUEST MORE INFORMATION

HOME USERS: BUY NOW!

PRODUCTS & TECHNOLOGY | PUBS & RESTAURANTS | SUPPORT

VIDEO | CONCESSIONAIRES | NEWS & MEDIA CENTER

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11 W ILLINOIS ST, 3RD FLOOR
CHICAGO, IL 60610
(312) 329-0200

- Cold beer faster -- Announcing TurboChill!
- Over 30 million TurboTap beers poured!
- Centerplate Announces Agreement with TurboTap
- TurboTap featured on cover of the Wall Street Journal.

One perfect pint. Two seconds.

Beer powered by TurboTap. Faster, more efficient, better tasting, greater revenue.

TurboTap is draft beers' only Rapid Dispense Retrofit. Installed on your draft system in minutes, the TurboTap quenches beer-thirsty crowds up to 4 times faster than a conventional tap. Each pint or pitcher is delivered with a perfect, profit-boosting, flavor-enhancing collar of foam. And it only takes about one minute of training to be able use it.

TurboTap powers your beer profits.

Using advanced fluid flow technology, TurboTap improves your keg yield up to 30%, increases peak-time sales and reduces staffing. It is ideal for concessionaires, wholesalers and bars and nightclubs.

Join the revolution!

TurboTap is changing the way beer is poured, one pint at a time. Contact us for more infomration about how TurboTap can power your beer profits.

SCIENCE POURING PERFECT BEER

TURBOTAP.ORG™ THE OFFICIAL TRANSITION PROGRAM WEBSITE

We're here to support you even after you've separated.

These transition resources are available to you through this portal. You can access them before, during, or after your military-to-civilian transition – whenever you need them!

» Launch Site Tour | Already registered? Login

Start here. Build your own Transition Plan.

Service: Select Branch of Service

Current Duty Status: Select Your Duty Status

Pay Grade: Select your rank

Separation/Retired Date: Year | Month

Date of Initial Entry to Military Service (DIEMS): Year | Month | Day

First Name | MI

Last Name

Email Why?

Create Your Password

Confirm Password

Proceed to Step 2

PRINTABLE PRESEPARATION GUIDE

Active Duty
Get tips and info on how to transition successfully. Download the Active Duty Preseparation Guide.

Download

Guard/Reserve
Get tips and info on how to transition successfully. Created especially for Guard/Reserve.

Download

MORE RESOURCES

Employment Hub
Browse job listings, build your resume, get job hunting tips and more.

Enter

Quick Reference Checklists:
Veteran Benefits
Education
Employment Checklist
Relocation

Resources
TAP Counselors | Command Leadership | General Information

Official DoD Financial Readiness Partners

- **Consumer Federation of America** (www.MilitarySaves.org)
  - Military Saves Week (22 Feb – 1 Mar 2009)
  - Strategies to save, buy big-ticket items, reduce debt
- **In Charge Institute**
  - www.Inchargefoundation.org and www.Militarymoney.org
  - Debt reduction/management programs
- **FINRA Investor Education Program** (www.SaveandInvest.org)
  - Bright Score Credit Score Management Program
  - Military Spouse Fellowship Program
- **Better Business Bureau Military Line** (www.bbb.org/military)
- **Association of Military Banks of America and the Defense Credit Union Council**
- **Others:** Go to Military HOMEFRONT (www.militaryhomefront.dod.mil) "Service Providers" – "Financial Readiness" – "Financial Readiness Resources"

Department of Defense Financial Readiness Challenge Events

- Tools for installation commanders upon request, <u>tailored to the needs of the installation</u>
  - Assist the commander, installation PFM to reach troops & families
  - Designed to augment, not replace, existing efforts
- 1-day events which feature:
  - Workshops from library of topics:

➢ Home Buying	➢ Car Buying	➢ Banking/Financial Svs
➢ Managing Foreclosure	➢ Spending Plans & Budgets	➢ Military Pay Issues
➢ Renting vs Buying Homes	➢ Consumer Awareness	➢ Saving & Investment
➢ Using Credit Wisely	➢ Financial Planning	➢ Retirement Planning
➢ Identity Theft	➢ Paying for College	➢ Insurance/Risk Mgt

  - Financial personalities as keynote speakers
  - One-on-one financial counseling

Department of Defense Financial Readiness Challenge Events

- Local Community, State, Federal, & DoD resources
  - Leverage new, existing partnerships
  - Military One Source referrals (24/7 – 1-800-342-9647)
  - Tailored to needs, direction of installation leadership
    - Booths, tables, presentations, etc
- “Leave-behind teams”
  - Personal Financial Counselors (PFC’s) for rotational assignments
  - One-on-one counseling, presentations, etc
- Employment opportunities for spouses pursuing AFC certification

Department of Defense Financial Readiness Challenge Events

Date	Installation(s)	Location
November 5, 2008	Tinker AFB	Oklahoma City, OK
Nov 5, 2008 - Jan 30, 2009	Fort Drum	New York, NY
November 14 – 15 2008	Luke AFB	Phoenix, AZ
December 4, 2008	Fort Lewis/McChord/NS Bremerton	WA
December 9, 2008	Fort Meade	MD
December 10, 2008	Lackland AFB	San Antonio, TX
January 7, 2009	Beale AFB	Sacramento, CA
January 14, 2009	Eglin AFB	FL
January 24, 2009	Fort Belvoir	VA
February 25, 2009	Little Creek Naval Base	Norfolk, VA
February 25-29, 2009	Los Angeles, AFB	Los Angeles, CA
February 25-29, 2009	San Diego Six Base Consortium	San Diego, CA
February 28-29, 2009	Parris Island/Air Station	San Diego, CA

Department of Defense Financial Readiness Challenge Events

- Protocol:
  - Today:
    - Installations can contact JFRC to addresses basic questions: who, what, when, where, how
    - Installations should request a challenge event in coordination/consultation with next echelon command and Service HQ Personal Financial Manager
    - Installations will be referred to MHN for detailed planning
  - Vision for future: Events ordered/scheduled via JFRC online form

JFRC: 1-888-256-9920 or email: jfsap@jfsap.org

Department of Defense Financial Readiness Challenge Events

- Communications
  - Planning, Logistics
- Timeliness of Deliverables
  - Press Kit, Signage
- Coordination of Resources
  - Tailoring of Agenda, Booths, etc
- Attendance
  - Command buy-in

Mission Success vs Mission Failure

- ☑ Good credit
- ☑ Financial stability
- ☑ Regular savings
- ☑ Contribute to TSP
- ☑ Don’t Opt-Out for SGLI
- ☑ Low % loans
- ☑ Security Clearance

- ⊗ Bad credit
- ⊗ Bankruptcy
- ⊗ No emergency savings
- ⊗ No retirement savings
- ⊗ No SGLI/insurance
- ⊗ Predatory loans
- ⊗ No Clearance

Questions?

CDR Dave Julian

Director, Office of Personal Finance & Transition

David.julian@osd.mil

703-908-6236

Questions?

Moneywise with Kelvin Boston

Military Money

SaveAndInvest.org

NMFA National Military Family Association

NEFE National Endowment for Financial Education

www.feedthepig.org